

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10842
Order No. R-9998**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of October, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks authorization to drill its Hickory "ALV" Federal Well No. 3 at an unorthodox oil and gas well location 2166 feet from the South line and 2253 feet from the West line (Unit K) of Section 17, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico.

(3) The applicant proposes to dedicate the W/2 of Section 17 to the above-described well forming a standard 320-acre spacing and proration unit for said pool.

(4) The subject well is located within the Indian Basin-Upper Pennsylvanian Associated Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-9922 which require standard 320-acre oil or gas spacing units with wells to be located no closer than 660 feet from the outer boundary of the spacing unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(5) Evidence indicates that the subject well was originally staked at a standard location 1980 feet from the South line and 1650 feet from the West line (Unit K) of Section 17; however, due to topographic restrictions and geologic considerations within the SW/4, the well was moved to its present location.

(6) According to applicant's evidence and testimony, the proposed location represents, from both a topographic and geologic perspective, the most favorable drillsite within the SW/4 of Section 17.

(7) The only affected offset acreage, being the E/2 of Section 17, is operated by Yates Petroleum Corporation. In addition, the interest ownership between the W/2 and E/2 of Section 17 is common throughout.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to drill its Hickory "ALV" Federal Well No. 3 at an unorthodox oil and gas well location 2166 feet from the South line and 2253 feet from the West line (Unit K) of Section 17, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico.

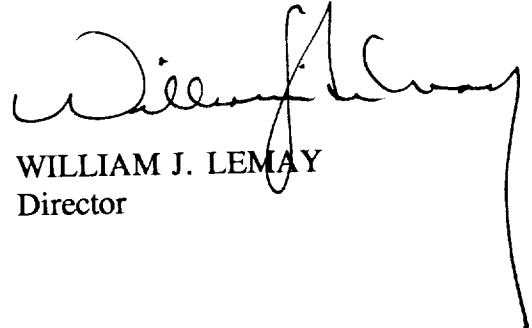
(2) The W/2 of Section 17 shall be dedicated to the above-described well forming a standard 320-acre spacing and proration unit for said pool.

(3) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
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A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title.

WILLIAM J. LEMAY
Director

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